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MEDIA ALERT

Division of Consumer Protection releases Top Ten Consumer Scams for 2006

"Scam artists used new versions of old scams in 2006, Division sends 2007 warning"

(For immediate release)

SALT LAKE CITY, Utah – Francine A. Giani, Executive Director of the Utah Department of Commerce announced today that the Division of Consumer Protection has released a "Top Ten List of Consumer Scams for 2006". The list details the ten most common forms of fraud as seen by the Division of Consumer Protection and offers tips for consumers.

"We hope consumers will arm themselves against fraud by reviewing this list," said Francine A. Giani, "Every year, scam artists find new ways to cheat Utah citizens and we want to educate everyone on what to watch for in 2007."

Top Ten Consumer Scams of 2006

1. **E-Commerce/Internet Auction Offers:** Deceptive tactics are often buried in the terms of sale. Some common deceptive e-commerce practices are;

- a. Products are advertised as "FREE" when there are undisclosed hidden fees;
- b. The bank accounts of consumers are automatically charged according to the company's hidden terms until the consumer gives notice of cancellation.
- c. Any right to cancel or obtain a refund is not clearly stated;
- d. False statements that the offer is only valid for a short time; and
- e. Fake testimonials.

2. **Auto Repair / Used Car Sales Complaints:** The biggest problem is with repair shops failing to get the consumer's authorization before repairs are performed. Other consumer problems include: auto repair shops performing unneeded repairs, failing to honor vehicle warranties, misrepresenting products, and failing to disclose company return/refund policies to the consumer.

3. **Home-Based Business Opportunities:** These types of business offers are possible because of the Internet, electronic banking and the power of "in-person" sales seminars. Consumers are lured to "get rich quick" schemes with the sales pitch of owning their own business after purchasing some form of mentoring or coaching program. Often these types of businesses charge consumers upfront fees in violation of the *Utah Business Opportunity Disclosure Act*. These companies often fail to provide adequate notice of the right to cancel and/or receive refunds and also fail to deliver what was promised during the sales seminar.

4. **Canadian Sweepstakes/Nigerian Lottery Scams:** These scams continue to harass Utah consumers with new offers of prize money from fake companies or foreign individuals. Consumers usually come across these scams over the phone, the Internet and through the mail. The Internet and electronic banking have increased the consumers' risk for being targets of this type of fraud because it often involves identity theft. Typically what happens is a legitimate company's checks are forged and sent to a consumer with instructions to cash the check to cover the "cost" associated with a prize or cash award the consumer has allegedly won. The consumer is then asked to wire a portion of the amount back to the sender to cover the costs. Of course, the forged check is eventually discovered and the consumer's account is charged. By then, the scammer has accessed the real funds that were wired by the consumer and the consumer is forced to repay the bank the missing funds.

5. **Contractor Fraud:** Many consumer complaints dealt with vinyl fencing contractors and companies. Whether the services offered were for installing fences or laying cement for a fence, most complaints revolved around the contractor demanding payment up front and then failing to deliver the product and/or services.

6. **Mail Order/Advertising Scams:** Each year fraudulent advertising continues to offer consumers "free" services or products that are not without cost. Hidden in the terms of many contracts is language where the consumer is obligated to pay for services and/or products that are automatically sent or charged to their account until the consumer cancels the contract. This scam is also commonly referred to as a "negative option".

7. **Cell Phone Billing Complaints:** Cell phones are in the pockets of consumers everywhere. Disputes often arise over billing practices and service levels. Consumers often do not read the fine print in their cell phone contracts that contain many added fees for different services. Complaints often focus on the lack of cell phone service in different geographic areas.

8. **Charity Donation Scams:** Scam artists are always looking for new ways to take advantage of the public's good will and fake charities are often part of the sales pitch. This year we received many complaints about charitable solicitations being made by persons or organizations who had not registered or received a legal permit from the State of Utah. An example of this is an individual who solicited money for the stated purpose of helping high school athletics, when in fact the individual had no connection with the school. Some complaints were filed against registered entities. One such complaint involved a registered charitable organization that asked for contributions with the tease that the donor's name would be put in a drawing for a car. It turned out that there was no car to give away.

9. **"Do Not Call" Complaints/Unsolicited Faxes:** This scam has dropped in the list from prior years largely because of the federal "Do Not Call" list. Unsolicited faxes continue to be a problem but the new trend in fraud is coming through consumers' email addresses. The Division of Consumer Protection houses the State's Child Protection Registry that is intended to protect children's email and cell phones from harmful materials. Visit www.kidsregistry.utah.gov to register an email address.

10. **Medical/Dental Billing Fraud:** Some of the problems in this area are interest charges and billing for unauthorized services. Associated with this, although not limited to medical billing, are problems related to collection company practices.

Ten Tip-offs to a Rip-off:

Consumers should watch out for these pitches that scam artists advertise through your email, phone or mailbox;

- 1) "I am out of the country, so please send me the money Western Union"
- 2) "I will send you more than your asking price if you cash this check"
- 3) "I'm calling you from (name of foreign country)"
- 4) "You're guaranteed a profit"
- 5) "Don't tell anyone else about this opportunity"
- 6) "Only a few lucky people can get in, so you must act quickly"
- 7) "We need you to update your personal information"
- 8) "Congratulations, you've won a free vacation!"
- 9) "Be your own boss, work from home"
- 10) "Make extra money with no risk!"

For more information on how to protect yourself from consumer scams and fraud, log on to www.consumerprotection.utah.gov. If you have a question about a possible scam or consumer complaint, contact the Division of Consumer Protection at (801) 530-6601.

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